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INDEPENDENT ACCOUNTANTS' REPORT ON
MONTANA CASH DRAWINGS

Montana State Lottery

June 30, 2003



Prepared Under Contract With:
MONTANA LEGISLATIVE BRANCH, AUDIT DIVISION
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INDEPENDENT ACCOUNTANTS' REPORT ON
MONTANA CASH DRAWINGS

Montana State Lottery

June 30, 2003

GALUSHA, HIGGINS & GALUSHA

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Montana State Lottery

June 30, 2003

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LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

July 15, 2003

The Legislative Audit Committee
of the Montana State Legislature

Enclosed is the report on the audit of the Montana State Lottery Observations for the year ended June 30, 2003.

The audit was conducted by Galusha, Higgins & Galusha, PC, under a contract between the firm and our office. There are no recommendations in this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat".

Scott A. Seacat
Legislative Auditor

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Montana State Lottery
COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS
June 30, 2003

COMMISSION MEMBERS

Robert Crippen, Chairperson

Betty Wilkins

Donald J. Sterhan

Clifford Brophy

Thomas M. Keegan

RESIDENCE

Butte

Missoula

Billings

Columbus

Helena

ADMINISTRATIVE OFFICIALS

Gerald J. LaChere, Montana State Lottery Director

L. John Onstad, Montana State Lottery Director of Security

Montana State Lottery
INTRODUCTION, BACKGROUND, AND REPORTABLE OBSERVATIONS
June 30, 2003

INTRODUCTION

We performed the following agreed-upon procedures for the Montana State Lottery for the year ended June 30, 2003:

- 1) Witnessed and reported on each Montana Cash drawing;
- 2) examined all lottery drawing equipment prior to and after each drawing; and
- 3) tested compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are contained in Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose of the law is to allow lottery games in which players purchase from the State, through the administration of the Montana State Lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountants' report on agreed-upon procedures, we are to report on serious inadequacies in operating controls and procedures, activities not authorized by the legislature, and our recommendations to the State and the Montana State Lottery. We have nothing to report in those areas.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners
Montana State Lottery
Helena, Montana

We have performed the procedures enumerated below, which were agreed to by the Montana State Lottery and the Montana Legislative Audit Division with respect to the Montana Cash drawings of the Montana State Lottery for the year ended June 30, 2003. The Montana State Lottery is responsible for the Montana Cash drawing. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

All drawings are conducted in accordance with applicable rules and regulations.

All drawings are conducted in a secure, honest and fair manner.

The procedures we performed and our findings are summarized as follows:

1. We read the "Montana Cash Drawing Procedures." In performing this and other steps of our procedures, we gave consideration to the adequacy of controls over the drawing process.
2. We observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker, and ball sets were unbroken and that the seals were numbered the same as the seals placed there when we were last present.
3. We observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.
4. We observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.

To the Commissioners
Montana State Lottery

5. We observed the official "Montana Cash" drawings and determined that the applicable procedures were followed.
6. We observed the performance of the post-drawing tests, recorded the results and determined that the applicable procedures were followed.
7. We observed the resealing of the ball sets, ball locker and machine cabinet door.

We have furnished the Legislative Audit Division with a summary letter after each drawing stating that the Montana Cash drawings were performed and observed by us. The letters would include any unusual occurrences or deviations from the established rules and procedures.

No exceptions were found as a result of applying the above procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Montana Cash drawing procedures for the year ended June 30, 2003. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Montana State Lottery and the Montana Legislative Audit Division and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Galusha, Higgins & Galusha, PC". The signature is written in dark ink and is positioned above the printed name of the firm.

GALUSHA, HIGGINS AND GALUSHA, PC
Certified Public Accountants and Advisors
Helena, Montana

July 1, 2003

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS *year ended June 30, 2003*

The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

<u>Date</u>	<u>Winning Numbers</u>				
July 3, 2002	4	29	26	12	10
July 6, 2002	21	16	30	4	36
July 10, 2002	36	2	14	6	30
July 13, 2002	11	19	28	34	13
July 17, 2002	5	4	16	12	29
July 20, 2002	20	33	23	16	37
July 24, 2002	1	8	21	6	26
July 27, 2002	32	30	21	25	10
July 31, 2002	26	13	33	10	35
August 3, 2002	14	3	35	30	13
August 7, 2002	28	20	25	36	9
August 10, 2002	18	6	30	1	16
August 14, 2002	29	6	22	2	21
August 17, 2002	31	6	34	10	15
August 21, 2002	32	36	22	5	13
August 24, 2002	26	35	10	16	3
August 28, 2002	25	3	26	35	37
August 31, 2002	20	21	26	35	31
September 4, 2002	37	24	2	11	4
September 7, 2002	10	8	13	15	7
September 11, 2002	27	17	25	12	35
September 14, 2002	5	12	30	17	22
September 18, 2002	18	28	22	4	13
September 21, 2002	34	31	27	22	28
September 25, 2002	31	24	7	17	15
September 28, 2002	10	31	17	16	20
October 2, 2002	36	14	1	29	7
October 5, 2002	36	15	16	12	1
October 9, 2002	23	29	1	4	9
October 12, 2002	26	34	30	17	28
October 16, 2002	3	20	10	28	13
October 19, 2002	29	22	15	28	12
October 23, 2002	6	14	8	30	7
October 26, 2002	15	32	36	25	22
October 30, 2002	18	11	17	27	8

Continued

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS *year ended June 30, 2003*

<u>Date</u>	<u>Winning Numbers</u>				
November 2, 2002	4	8	21	5	28
November 6, 2002	23	2	14	37	22
November 9, 2002	32	19	33	17	2
November 13, 2002	17	20	16	2	21
November 16, 2002	35	16	11	1	7
November 20, 2002	15	26	17	31	33
November 23, 2002	24	23	18	3	29
November 27, 2002	6	21	27	33	7
November 30, 2002	11	13	18	5	1
December 4, 2002	4	27	32	5	34
December 7, 2002	29	28	19	27	10
December 11, 2002	9	2	1	11	21
December 14, 2002	36	17	6	1	27
December 18, 2002	16	5	18	8	23
December 21, 2002	33	25	19	29	18
December 25, 2002	31	10	34	35	9
December 28, 2002	18	6	16	10	12
January 1, 2003	1	11	14	13	36
January 4, 2003	5	34	17	2	28
January 8, 2003	31	21	29	8	15
January 11, 2003	29	14	26	2	17
January 15, 2003	26	23	24	15	10
January 18, 2003	8	19	33	7	28
January 22, 2003	15	12	4	20	32
January 25, 2003	26	36	19	13	20
January 29, 2003	37	34	7	35	6
February 1, 2003	7	9	24	17	23
February 5, 2003	5	16	32	8	21
February 8, 2003	7	34	36	16	11
February 12, 2003	17	24	5	8	1
February 15, 2003	20	32	13	1	15
February 19, 2003	30	34	27	14	6
February 22, 2003	2	22	34	6	14
February 26, 2003	29	14	10	3	2
March 1, 2003	6	27	7	3	12
March 5, 2003	3	19	30	20	2

Continued

Montana State Lottery

STATEMENT OF MONTANA CASH WINNING NUMBERS year ended June 30, 2003

<u>Date</u>	<u>Winning Numbers</u>					
March 8, 2003	5	32	30	35	16	
March 12, 2003	9	25	19	2	17	
March 15, 2003	2	29	18	37	14	
March 19, 2003	30	20	19	36	13	
March 22, 2003	12	26	18	31	27	
March 26, 2003	36	30	22	5	10	
March 29, 2003	25	7	26	13	23	
April 2, 2003	24	3	36	6	12	
April 5, 2003	25	15	28	19	13	
April 9, 2003	23	30	31	16	5	
April 12, 2003	10	6	15	33	1	
April 16, 2003	27	17	1	2	30	
April 19, 2003	20	23	22	6	34	
April 23, 2003	34	22	20	31	11	
April 26, 2003	23	36	34	14	3	
April 30, 2003	31	8	17	35	37	
May 3, 2003	8	20	23	12	32	
May 7, 2003	21	18	14	2	23	
May 10, 2003	1	16	10	6	37	
May 14, 2003	27	11	32	8	7	
May 17, 2003	3	8	23	33	6	
May 21, 2003	15	26	30	11	36	
May 24, 2003	24	3	37	20	17	
May 28, 2003	8	35	13	30	33	
May 31, 2003	11	25	18	33	32	
June 4, 2003	1	28	13	4	18	
June 7, 2003	14	26	23	18	19	
June 11, 2003	3	9	35	34	29	
June 14, 2003	30	12	2	1	37	
June 18, 2003	34	16	8	22	28	
June 21, 2003	5	24	30	14	22	
June 25, 2003	35	8	4	10	12	
June 28, 2003	31	34	4	9	29	

Concluded



